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# A New Approach to Promote Economic Independence among At-risk Children

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# A New Approach to Promote Economic Independence among At-risk Children: Child Development Accounts (CDAs) in Korea

*This case study investigates the adoption and implementation of Child Development Accounts (CDAs) in South Korea, using information collected from in-depth interviews and existing documents. The design of the program, an asset-building program for children in the child welfare system, reflects unique needs and conditions of the target population and promotes strong collaboration among governmental and private entities. Issue framing emerges as an important strategy for the CDA policy's adoption. Institutional and organizational factors, such as sponsorship and well-developed collaboration among multiple partners, may explain the successful implementation of the program.*

**Key words:** *asset building; child development accounts; child welfare; transition to independence; case study; issue framing*

Disadvantaged youth, particularly those aging out of the child welfare system, rarely have safety nets offered by parents, must meet their own survival needs by themselves, and must acquire crucial skills and credentials for their long-term career goals without continuing support (Courtney et al., 2001; Keller, Cusick, & Courtney, 2007). Empirical evidence demonstrates that low levels of asset ownership and lack of financial management skills may be serious obstacles to long-term development among youth aging out of the child welfare system. According to studies conducted in the United States of youth leaving the child welfare system, less than half reported having $250 or more at the time of discharge (Courtney et al., 2001; Pecora et al., 2006). Furthermore, a substantial portion of them (about 30%) felt that they were not prepared for money management or a housing search (Courtney et al., 2001). Resources at the time of the release from the system (at least $250, household items, or a driver's license), however, reduce the risk of experiencing economic hardship (e.g., difficulties in paying bills), improve educational attainment (e.g., highest grade completed), and enhance employment outcome among former foster care children (Anctil et al., 2007; Pecora et al., 2006).

It would be, therefore, in the public's interest to encourage savings among children in the child welfare system. Assets accumulated from an early age likely provide leverage to youth aging out of the child welfare system by providing buffers against unexpected economic losses (e.g.,

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unemployment or medical expenses), facilitating a stable living arrangement (e.g., rental deposits), and enhancing human capital (e.g., post-secondary education or vocational training). In addition, an asset-building program for children may instill future orientation while teaching money management skills and motivating youth to make long-term plans (Nam, Huang, & Sherraden, 2008; Oliver & Shapiro 1995; Sherraden, 1991). In short, an asset-building program may facilitate disadvantaged youth's successful transition to adulthood.

South Korea (hereafter Korea) is the first country to adopt a Child Development Account (CDA) program as a national policy to facilitate transition from the child welfare system to independent adulthood. This paper examines the adoption and implementation of Korea's CDAs, using a case-study approach. As the first scholarly paper on Korea's CDAs, this study may provide useful insights to policy makers and social researchers interested in promoting the successful transition to adulthood among youth leaving the child welfare system by offering in-depth understanding of its adoption and implementation process.

## Methods

This paper is a case study of the adoption and implementation of Korea's CDA program. We chose Korea as the focus of this study because it is the first nation that has adopted a national asset-building policy for children in the child welfare system. Several countries, including the United Kingdom, Canada, and Singapore, have adopted saving incentive policies for children and youth (Loke & Sherraden, 2009), but these policies are more inclusive than Korea's, covering all children at a certain age or all children from low- to moderate-income families (Loke & Sherraden, 2009). Korea's CDA program, however, currently targets only children in the child welfare system. Korea's CDA program may offer a different model of adoption and implementation than those of the UK, Canada, and Singapore, because the program targets a particular population with distinct characteristics. Although saving programs targeted a particular population, such as children and youth in the foster care system (e.g., Mile High United Way Program for foster children in Denver, Colorado (Mason et al., 2008)) exist, these programs are private and thus their adoption process and implementation likely differ from that of a government policy like Korea's CDA program. In short, Korea's CDA program is the only case that enables us to investigate a national asset-building policy for disadvantaged children in the child welfare system.

Furthermore, early evaluations of the CDA program show promising results, suggesting successful implementation. Almost every child (98.1%) has made at least one deposit during the first nine months of the program, while monthly saving rates are consistently high, ranging between 81% and 93% (Kim et al., 2007). In addition, participants evaluated the program positively. According to survey data, a majority of respondents (over 90%) expect that CDA will be helpful when they grow up. A substantial proportion reported positive behavioral changes related to saving: 83% of institutionalized children and 60% of foster children reported that their saving amounts had increased after their accounts were open (Kim et al., 2007). Accordingly, Korea's experience expands our understanding of factors associated with successful policy development and implementation, especially those related to saving and asset building.

Since little is known about Korea's CDA, we employ a case study approach. A case study is a methodology suitable in gaining in-depth knowledge on a subject on which we have little existing research (Mabry, 2008). In addition, the case study approach is one of few research methods that allow a single-case study (Mabry, 2008).

This study relies heavily on information collected through in-depth interviews with key policy makers and program administrators. We selected four key people based on government documents, media coverage, and personal recommendations. Sang-Chil Kwon is a middle-level official at the Korea Ministry of Health and Welfare (KMHW) who proposed and developed the CDA program. Simin Rhyu was the minister of Health and Welfare at the time the CDA program was adopted as a national policy. Mungwang Kim was the manager of the CDA project at Shinhan Bank, the financial institution that manages the CDAs at the early stage of CDA implementation. Interviews were conducted by the first author in Korea in the summer of 2007. An additional interview was conducted with Sangjin Lim, Senior Vice President of Institutional Banking Department of Shinhan Bank in the fall of 2008.

In addition to in-depth interviews, this study utilizes existing documents from various sources, including government agencies and non-governmental organizations. The review of various documents provides additional insight and information to authors while confirming data collected through interviews. Triangulation by different data sources (interviews versus documents) enhances validity of findings of this study (Mabry, 2008). Furthermore, interviewees read a draft of this paper and confirmed findings of this study. The validity of this study was also checked with two social researchers in Korea familiar with the development of CDAs. These validation and triangulation processes are recommended by Mabry (2008) for a case study.

## Background: Child Welfare System in Korea

The Korean child welfare system provides protection and services to children 18 years and younger who are not under their parents' care: orphans, abused and neglected children, and children whose parents have voluntarily given up their custodial rights (usually due to economic hardship or divorce). The child welfare system guarantees basic economic needs (basic living expenses) and education of these children until they leave the system (Park et al., 2005; Shin et al., 2002).

Four types of living arrangements exist in the child welfare system: institutions (orphanages), foster care, group homes, and youth-headed families. Among them, institutional care is a dominant form: about 55% of children in the system are under its care. Foster care and group homes combined protect about 28% of children in the system. Ninety percent of foster care is provided by relatives, mainly grandparents (Kim & Henderson, 2008). The remaining children live in youth-headed families that consist solely of minors under age 18 or minors living with parents without economic means (e.g., parents with disabilities). These households are usually headed by youth between 15 and 18 years of age (Kim & Henderson, 2008; KMHW, 2007b; Park et al., 2005).

In addition to economic supports provided by the government, a substantial proportion of children have sponsors who regularly provide cash contributions and offer emotional support. The sponsorship program for at-risk children was initiated by the central government in 1977, and is now managed by the Korea Welfare Foundation, a nonprofit organization. The Foundation matches a long-term sponsor with a child and provides services to the sponsor (e.g., sending a brief description of child and encouraging sponsored child to write letters to the sponsor). Although individual sponsors decide the level of their monthly contribution and sponsored children receive the exact amount that their sponsors contribute, the money is distributed through a contribution pool system for efficiency and equity. The pool system collects lump sum contributions from one-time individual and cooperative donors as well as regular contributions from ongoing sponsors. The money in the contribution pool is distributed to individual beneficiaries' bank accounts so that sponsored children regularly receive money even when their sponsors fail to deposit money on time. In addition, money deposited into the contribution pool from one-time donors is distributed to children without individual sponsors. A centralized process of connecting sponsors and beneficiary children through the Foundation discourages potential sponsors from sponsoring a child who already has a sponsor when other children do not have one (KMHW, 2007b; Park et al., 2005).

Of a total of 41,500 children in the child welfare system in 2006 (KMHW, 2007b), 29,217 children had sponsors (KMHW, 2007a; KWF, 2007). These children received an average of $47 a month (exchange rate: $1 = 1,000 Korean Won) and reported that they used their sponsorship money for saving, extra-curricular activities, communication (e.g., cell-phone), books, clothes, and miscellaneous items (KMHW, 2007a; KWF, 2007).

Prior to the adoption of the CDA program, the child welfare system paid little attention to youths who were aging out of the system. It was assumed that individual youths should take responsibility for their transition to independence. A few ad hoc programs such as housing assistance, lump sum cash payment at the time of release, and job search assistance offered limited support but were insufficient for ensuring economic stability and long-term development. As a result, most youth experienced unstable housing arrangements and job insecurity after leaving the system (Inter-department Team, 2006; Interview with Kwon; KMHW, 2007b; Shin et al., 2002). Despite a high rate of high school graduation (95%), the college enrollment rate among youths aging out of the system was extremely low (27%) (Shin et al., 2002) in comparison with that of the general population (82.1%) (National Human Resource Development, 2007).

## The Adoption of CDAs in Korea

The CDA program was first proposed in 2005 by Sang-Chil Kwon, a middle-level official at the Korean Ministry of Health and Welfare (KMHW), as a tool to help children prepare for their lives after leaving the child welfare system. Kwon modeled the CDA after Individual Development

Accounts (IDAs) in the United States, which provide matched savings to low-income households (Schreiner and Sherraden, 2007; Sherraden, 1991). Kwon proposed a matching saving program instead of a large increase of lump-sum cash supports at the time of release from the child welfare system because cash supports would impose a heavy burden on government budget, and would not prepare children to manage money and plan for their future (Interview with Kwon).

In addition to matched savings, Kwon incorporated the existing sponsorship program into the CDA program. Sponsorship was proposed to alleviate the government's budgetary burden, while soliciting citizens' support of disadvantaged children.

Fiscal constraints likely prohibited the government from taking sole responsibility of financing CDAs. That was why I added sponsorship into the CDA program when I designed the program. I was confident that we could solicit citizens' support of the program because Koreans believe that everyone should help the weakest group in society…. I believed that citizens should feel responsibility and take their part in helping these children (Interview with Kwon, June 22, 2007).

Although the initial CDA proposal received a positive response inside the government, including support from Prime Minister Haechan Lee, it encountered opposition from the Ministry of Finance and the Economy at the budgeting stage and failed to secure funding (Interview with Kwon). The CDA's failure reflects the policy environment in Korea that is still strongly influenced by the "economic growth first" framework of the past. According to this framework, social welfare policies are to be adopted only when they are expected to serve economic growth. Despite the country's transition from an authoritarian to a democratic regime in the 1990s and burgeoning labor union and grass-roots movements, many top government officials still try to minimize government expenditures on social welfare programs (Kim, 2008; Kwon and Holliday, 2007; Park, 2008).

In 2006, the CDA program regained its political clout when Simin Rhyu, Minister of Health and Welfare at that time, connected the program with social investment strategy (Interviews with Rhyu and Kwon). Rhyu proposed social investment strategy as the new orientation for social welfare policies that respond to contemporary social problems, such as growing economic inequality, low fertility rate, population aging, and breakdowns in traditional family structure (KMHW 2007c). When couched as a social investment strategy, CDAs gained support from the right wing and the Ministry of Finance and Economy (Interviews with Rhyu):

The social investment framework is appealing to the right wing. Social investment, instead of social spending, has been well received by the right wing. Traditional justifications for social spending, such as social justice, economic equality, or equal opportunity, have never succeeded in persuading the right wing. I tried to win them over by proposing that the Ministry would invest in areas that are likely to produce economic return in the long-term. I also framed social programs as part of human resource development (Interviews with *Rhyu*, June 21, 2007).

A social investment strategy considers asset-building policies among its key components since assets are essential to developing people's potential (e.g., through investment into education and entrepreneurship) and protecting people from economic shocks (Kim, 2007; Sherraden & Han, 2007). Incorporated into a social investment strategy, the CDA program was presented as a solution to serious challenges to the future of the Korean nation, not as a social program for a small number of disadvantaged children. In this way, the CDA program became a policy priority in Korea (KMHW, 2006). In August 2006, the Ministry announced its plan to provide CDAs to children in the child welfare system in 2007 and to expand the program to children born into poor households by 2008, and to those born into households with income below the national median by 2010 (KMHW, 2006, 2007c; Lee, 2008; Sherraden et al., 2008).

The process of CDA adoption in Korea illustrates the roles of issue framing and persuasion in the policy-making process. As shown in Chong and Druckman (2007) where framing is defined as "the process by which people develop a particular conceptualization of an issue or reorient their thinking about an issue" (p. 104), the CDA program was reframed from a very targeted program for a small number of at-risk children in the child welfare system to a solution for new social risks in Korea that affect everyone. In this way, the CDA program was redefined as a policy alternative that appealed to decision-makers in the Ministry of Finance and Economy, as well as to conservative policy-makers. That is to say, the CDA program was successfully reframed in terms of an existing belief of these policy-makers (i.e., the "economic development first" principle), a characteristic of successful issue framing identified by Cox (2001).

## The Implementation of CDAs in Korea

After the CDA program was adopted by the Ministry of Health and Welfare, a CDA operation team was created in October 2006. The team included representatives from the Ministry, child welfare institutions, local governments, and the financial field, as well as academics. After conducting a feasibility study and developing an initial plan, the team selected partners in early 2007: the Korea Welfare Foundation to manage the sponsorship program, and Korea Institute for Health and Social Affairs (KIHASA) to monitor and evaluate the program, and Shinhan Bank to manage the accounts (KMHW, 2007a). As mentioned above, the Korea Welfare Foundation has managed the sponsorship program for at-risk children since 1981 (KMHW, 2007b; Park et al., 2005), while KIHASA has a long history of conducting government-funded research related to health and social welfare (KIHASA, n.d.).

The CDA operation team began by selecting a financial institution that would manage CDAs. Because the estimated number of eligible children (about 30,000 at the planning stage) was too small to make the CDA program profitable even for one financial institution, the CDA operation team decided to choose only one bank as a financial partner. In a competitive process, applicants were evaluated on four criteria: (1) management capacity; (2) account design; (3) financial health and stability; and (4) benefits for participants (Interview with Kwon).

Financial institutions were aware that the CDA program would incur more costs than profits when they submitted their applications, but they applied anyway, to fulfill their social responsibility and improve their public image (Interviews with Kwon and Kim). In addition, the CDA program was especially attractive to the Bank because it provides the opportunity to serve the social good with its own expertise (Interview with Kim):

We (Shinhan Bank) have been committed to social responsibility. We were the recipient of Grand Prize for Socially Responsible Company. We have encouraged (employees) to do community services for social causes… The CDA program has been especially attractive to us because it is a specialized banking service…. It fits very well with us. We have a lot to contribute to CDAs. In other community services, we do what others do. We help (disadvantaged) children bathe and eat. To the contrary, we contribute to CDAs with our specialized skills that others do not have. (Interview with Kim, June 22, 2007)

The Bank's response to CDAs and other social responsibilities reflects a changing corporate culture in Korea. Increasing public attention and scrutiny over corporate governance has triggered corporations' active campaigns that demonstrate their commitment to addressing social issues and contributing to society (Federation of Korean Industries, 2008).

Shinhan Bank's commitment is demonstrated in its proposed design of CDAs. The Bank's CDA team proposed a two-account model: one for children's or sponsors' deposits and the other for government matches. Shinhan Bank was aware that the two-account model would be much more costly and complicated to manage than a one-account model. The bank decided to propose the more expensive model because it would be in the best interests of children (Interview with Kim):

We could have created a simple and low-cost account model… Other banks proposed one account model (because it is easier to manage). We, however, tried to develop a model that would work best in protecting children's and the government's money. With the one-account model, low-income parents may be able to withdraw money from CDAs. We may not have legal means to protect children's deposits from their parents (when they want to withdraw money from accounts). By creating a separate account (for government matches), we can protect at least the government's money…We developed this model in the interests of children. The principle was "the best interests of children" even when it meant more burden on us (Interview with Kim, June 22, 2007).

The two-account model received a high score by the review committee of CDAs composed of university professors and financial experts. In addition, Shinhan Bank's proposal included several other beneficial features, such as a high interest rate. For these reasons, Shinhan Bank was selected as the sole financial institution for managing CDAs (Interviews with Kim and Kwon).

The Korean government launched CDAs in the child welfare system in April 2007 with a budget of more than $3 million in 2007 and about $6.6 million in 2008 (KMHW, 2007b, 2008). The first stage of the program was managed by a partnership that included the Korean Ministry of Health and

Welfare (KMHW), local governments, Shinhan Bank, the Korea Welfare Foundation, and the Korea Institute for Health and Social Affairs. Beginning in January 2008, the Korean Federation of Child Welfare replaced the Korea Welfare Foundation and the Korea Institute of Health and Social Affairs, undertaking the management of the sponsorship program and conducting monitoring and evaluation studies. As of this writing, the Ministry has not expanded CDAs to include low- to moderate-income children as was originally planned (KMHW, 2008; Lee, 2008).

## Program Structure of CDAs

This section summarizes the CDA program structure created through the adoption and implementation process described above. Program and management structures are likely to influence saving patterns and other targeted outcomes (Schreiner and Sherraden, 2007; Sherraden, 1991). Table 1 summarizes key features of Korean CDAs.

Table 1. Key Program Features of Korea's CDAs

| Program Feature | Description |
|---|---|
| Eligibility | • Children under age 18 in the child welfare system and disability facilities are eligible |
| Automatic account opening | • Shinhan Bank automatically opens an account for all children whose names are compiled and forwarded by local governments and the Korean Ministry of Health and Welfare. |
| Incentives | • 1:1 match to deposits made in to CDAs up to $30 a month<br>• A higher interest rate for deposits than other non-CDA accounts |
| Account structure | • A child has two accounts: a savings account and a fund account<br>• Savings made by participating children, guardians, or sponsors are deposited into a savings account<br>• Government's matches are deposited into a fund account and cannot be withdrawn for purposes other than those permitted by the CDA program |
| Matched withdrawal | • At age 18, children can withdraw matched savings for higher education, vocational training, housing, micro-enterprise start-up, medical costs, or wedding expenses.<br>• Between ages 15 and 18, children can withdraw savings in CDAs for training and education if they have saved for at least 5 years.<br>• Professional counseling is to be provided at the time of withdrawal. |
| Sponsorship | • Three sponsorship programs include traditional sponsorship without preconditions; designated sponsorship to CDAs; and undesignated CDA sponsorship. |
| Financial education | • Age-appropriate curricula, "A bag of hope" developed by KIHASA<br>• Designed to (1) promote prudent consumption and savings, (2) help children practice saving skills in their everyday lives, and (3) plan for a stable economic future<br>• Implemented by local governments |

**Eligibility**

Currently, all children under age 18 who are in the child welfare system and disability facilities are eligible for CDAs. The CDA program imposes a six-month grace period for children entering the system because children may be reunited with their parents shortly after. Once a child has opened a CDA, (s)he is allowed to remain in the program even if (s)he leaves the child welfare system through family reunification, with two restrictions: the child must live in a low-income household, and the parents/guardians must want to maintain the account. In this way, the CDA program was designed not to create a disincentive for family reunification.

**Automatic Account Opening**

To promote participation following program launch, CDAs were opened automatically for eligible children. Local governments submitted lists of eligible children in their jurisdictions to the Korean Ministry of Health and Welfare. The Ministry then sent a compiled list to Shinhan Bank, who subsequently opened accounts for all children on the list. After the initial enrollment period ended, new CDAs continue to be opened for children who enter the child welfare system when local governments request Shinhan Bank to do so (Interview with Lim; KMHW, 2007a).

**Incentive Structure**

The core incentive for saving in CDAs is the match provided by the government. The Korean government offers a 1:1 match for savings deposited into a CDA. The maximum monthly matchable deposit (match cap) is $30. A participant (or sponsor) can make additional deposits of up to $50 a month, but this deposit is not eligible for the match. It is estimated that a participant will accumulate $38,660 (including interest, earnings, and matches) if the maximum monthly deposit of $80 is made every month for 18 years (KMHW, 2007a).

Other incentives include higher interest rates and lower account management fees. CDA savings accounts into which participants and sponsors deposit money earn a 1% higher interest rate than standard savings accounts (KMHW, 2007a). In addition, Shinhan Bank imposes reduced account management fees on the CDA fund accounts into which the government deposits match funds (Interviews with Kim and Lim).

**Two-account Model**

As described above, each child in the CDA program has two accounts: a savings account and a fund account. Deposits made by a participant and/or sponsor accumulate in the savings account, while matches are saved in the fund account. The fund account consists of treasury or local government bonds, which are safer than stocks and produce better earnings than saving accounts (KMHW, 2007a).

## Matched Withdrawals

At age 18, children may take matched withdrawals from their CDAs for higher education, vocational training, housing, micro-enterprise start-up, medical costs, or wedding expenses. In addition, children can make matched withdrawals between ages 15 and 17 for tuition or vocational training, as long as they have saved in their CDAs for at least five years (KMHW, 2007a).

## Sponsorship Program

One unique aspect of the Korean CDAs is its sponsorship program. Recognizing financial difficulties faced by children in the child welfare system, the Korean government actively connected the CDA program with an existing program that provides sponsorship for disadvantaged children. The sponsorship program was incorporated to maximize contributions from the private sector and reduce budgetary burdens on the government. Cash contributions to the sponsorship program can be used for CDA deposits in three ways. First, money transferred to children from traditional sponsorship can be saved into a CDA at the discretion of children or their guardians. This traditional sponsorship program does not have any preconditions. Second, a designated CDA sponsorship allows sponsors to donate their contributions solely to designated children's CDAs. Deposits go directly to a CDA contribution pool, not to the traditional sponsorship pool, and the CDA program sends money to children's regular bank accounts from which children are required to deposit money into their CDAs (Interview with Lim; Kim, Kim, & Hong, 2007; KMHW, 2007a, 2007b, 2008). The CDA program takes this approach instead of making direct deposits into CDAs in order to foster saving habits among target children (Interview with Lim). Third, a CDA undesignated sponsorship collects contributions from sponsors who want to support CDAs but do not want to designate specific children. The CDA program distributes this undesignated money to children without sponsors or with a low level of deposits (Interview with Lim; Kim et al., 2007; KMHW, 2007a, 2007b, 2008).

## Financial Education

In 2007, the Korea Institute for Health and Social Affairs (KIHASA) developed a financial education program for CDA participants called "a bag of hope." The education program is designed (1) to teach skills needed for prudent consumption and savings; (2) to help children practice consumption and saving skills in their everyday lives; and (3) to help children plan for a stable economic future. KIHASA has developed a series of age-appropriate curricula for the program (Kim et al., 2007). Shinhan Bank also supported curriculum development by providing materials and information requested by KIHASA. Local governments organize financial education classes upon requests of caregivers (usually institutions), request KIHASA to send financial educators, and run financial education programs at the local level (Interview with Lim; KMHW, 2007a).

## Management Structure of CDAs

One of the unique characteristics of the Korean CDA program is its foundation on strong collaboration among its program partners, including the Central government (Korea Ministry of Health and Welfare), local governments, a private bank (Shinhan Bank), and a non-profit organization (Korea Welfare Foundation in 2007 and Korea Federation of Child Welfare since 2008). The tasks of each partner were clearly defined and collaboration among partners was developed and streamlined at the design stage of the program (See Table 2) (KMHW, 2007a, 2008).

Table 2. CDA Partners and Their Tasks

| Organization | Tasks |
|---|---|
| Korean Ministry of Health and Welfare (KMHW) | • Overall planning and administration<br>• Selection of partners (financial institute, sponsorship program, etc.)<br>• Coordination among partner organizations<br>• Provision of central government portion of budget (matches) |
| Local governments | • Implementation of CDA program at the local level<br>• Management of lists of eligible children and their CDAs<br>• Implementation of financial education<br>• Supervision of children's savings and use of CDAs<br>• Support to CDA sponsorship promotion campaigns<br>• Provision of local government portion of budget (matches) |
| Shinhan Bank | • Opening and managing a CDA for each child<br>• Reporting of CDA account information to other partners<br>• Support to financial education and sponsorship programs |
| Korea Federation of Child Welfare (KFCW) | • Promotion of sponsorship program<br>• Management of sponsorship program: managing contribution pool and unified database for sponsorship program; providing information about CDA accounts to sponsors<br>• Development of financial education curriculum and provision of financial education in collaboration with other partners<br>• Monitoring and evaluation |

The Korean Ministry of Health and Welfare is responsible for the overall planning and management of the CDA program. The Ministry is also in charge of selecting and supervising partners while coordinating collaboration among partners. In addition, the Ministry provides the central government's portion of match funds: 40% for accounts in Seoul Metropolitan City and 70% for those in other localities. Seoul Metropolitan City receives less financial support from the central government because of its financial capacity (KMHW, 2007a, 2008).

Local governments are responsible for implementing the CDA program at the local level. As the supervising entity of the child welfare system, local governments have first-hand knowledge of children's status in and out of the system and maintain direct contact with directors of child welfare facilities and children in youth-headed families (KMHW, 2007b, 2008).

Shinhan Bank opens and manages accounts for CDA participants. Each month, Shinhan Bank provides the local government with data on the total deposits made into each CDA account. Local governments use this record to calculate and deposit match funds. In addition, Shinhan Bank plays critical roles in financial education and the sponsorship program as described above (KMHW, 2007a, 2008).

In addition, Shinhan Bank has played an active role in promoting sponsorship. First, the Bank implemented its own marketing campaign for the CDA sponsorship program to its customers, employees, and the general public. As a result, the bank succeeded in recruiting about 4,000 CDA sponsors among its employees. Second, the Bank created a special savings account product (the CDA installment saving plan) and promised to make a donation to the undesignated CDA sponsorship pool equal to 2% of the total amount of deposits made into it. A total of $10 million deposits were made into the CDA saving plan during its first three months (April to June, 2007) and the bank contributed $200,000 into the undesignated CDA sponsorship pool as promised (Interviews with Kim and Lim).

The Korean Federation of Child Welfare is currently responsible for managing the sponsorship program, developing the financial education curriculum, and monitoring and evaluating the program (KMHW, 2008). The Federation manages the sponsorship contribution pool while promoting the sponsorship program through mass media and marketing campaigns. Finally, the Federation develops financial education curricula based on earlier work of the Korea Institute for Health and Social Affair (KIHASA), monitors savings outcomes, and evaluates various aspects of CDAs (KMHW, 2008).

As described above, the design of Korea's CDA program is unique, different from other countries' asset-building programs for children. Distinctive features in CDA program were deliberately built to suit Korea's circumstances.

The CDA program differs from the UK's Child Trust Fund, Singapore's program, and Canada's. Very different. It is a totally new model. I always say, "This is a Korean model." It is a model suitable to Korea's unique situations and culture. Other countries' models cannot be applied to Korea. These models would not fit us; they are not comparable to our system and culture. We needed to develop a model that would serve our children, a model comparable to Korea's delivery system. That is why we introduced the sponsorship program and why we selected only one financial institution . . . That's why we developed a government-led program with cooperation from the non-government sector (Interview with Kim, June 22, 2007).

## Conclusion

The Child Development Account (CDA) program was implemented in 2007 as a social investment strategy in Korea. Although it was initially proposed as a program to facilitate economic independence and long-term development among youth aging out of the child welfare system, the CDA program was adopted as a government policy only after being presented as a solution to bigger social and economic issues in Korea. Minister Rhyu's success at gaining support for the CDA program from those who had opposed it supports the notion that issue framing plays a pivotal role in the policy-making process (Chong & Druckman, 2007).

Several factors may explain the successful implementation of CDAs in Korea. First, the CDA program was designed to accommodate specific situations in Korea. Although it borrowed the idea of matched savings from the American experience of IDAs, Korea's CDA program incorporated an existing sponsorship program to address the financial challenges faced by its target population. The CDA sponsorship program maintains a system of pooled contributions and distribution as well as a centralized match system between sponsors and individual children. Evaluation results show that the sponsorship program contributed to high saving rates and deposit amounts in the CDA program. Considering that sponsorship is often the only source of cash for many children in the child welfare system, especially for those in institutions, it may explain the high saving rate and deposit amounts reported in the early evaluation (Kim et al., 2007). Multivariate analyses (not presented here) confirm that there is a statistically significant association between a larger amount of sponsorship money and larger savings in CDAs after controlling for gender, age, care type, and residence area (See Kim et al., 2007 for detail). In addition, the government decided to select only one financial institution at the first stage of the CDA program, acknowledging that the number of eligible children was too small to make CDAs profitable even for a single institution.

Second, the well-organized collaboration of multiple partners may have contributed to the success of the CDA program. Korea's CDA program was founded on a collaboration among government and non-government entities: the Korean Ministry of Health and Welfare, local governments, Shinhan Bank, and the Korea Federation of Child Welfare. Each partner's tasks were well-defined and appropriate to that partner's expertise and prior experience. The efficiency and promptness of the automatic account opening process at the early stage of the program demonstrates the usefulness of well-coordinated collaboration. In addition, the Korean government designed the CDA program to maximize contributions from non-government sectors through sponsorship.

An early evaluation study of the program produced promising results with high saving rates and positive feedbacks from participants (Kim et al., 2007). Promising early evaluation outcomes, however, may not guarantee the long-term success of CDAs in Korea. As described above, CDAs are currently available only to children in the child welfare system and the Korean government's plan to expand the program to low- and middle-income children has not been realized. At this time, we know little about recent policy discussions and developments around CDAs. Accordingly, we are not able to explain why the CDA expansion plan has not been carried out. We suspect that changes in leadership, including the departure of Minister Rhyu and changes in governing parties after the 2007 presidential election may be factors. Further research needs to be done to understand recent policy development.

Korea's experience with CDAs also has important implications for other countries. First, it clearly shows that children with limited resources, such as those in the child welfare system, can save for their future with adequate institutionalized supports. With strong incentives (matches, high interest rates, and financial education) and built-in supports (sponsorship program), CDA participants in Korea have accumulated seed money for their long-term development in the program. Accordingly, policy makers and practitioners should consider asset-building programs as a new approach to promoting economic independence among youth aging out of the child welfare system.

Second, Korea's CDA program demonstrates that it is critical to understand local situations and needs of the target population for successful design and implementation. As mentioned above, the success of Korea's CDA program may be attributed greatly to its adaptation to local contexts, such as incorporation of the existing sponsorship program and selection of a single financial institution. In-depth knowledge of local conditions and existing institutional structures resulted in program and management structures that fit local situations. As Kwon articulated in the interview, this CDA program is a "Korean model" developed for Korean children.

Third, this study demonstrates the utility of building partnerships from the onset. Multiple partners provide expertise, skills, and insights useful for designing and implementing a CDA program. Under the strong leadership of the Korean Ministry of Health and Welfare, partners were selected based on past experience and expertise. The competitive selection process of the financial institution invited innovative ideas (the two-account model) and commitment (efforts to mobilize sponsorship among employees and customers) from Shinhan Bank.

Last, a sponsorship program, among other unique characteristics of Korean CDAs, seems applicable to many other countries when working with children of very little economic means. Contribution from sponsors would enable children to save even when they or their families have limited economic resources. In this regard, sponsorship can be used as a device in mobilizing private resources for investment in a child's future.

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